

SENATE BILL No. 516

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-5.1.

Synopsis: Group property and casualty insurance. Provides for issuance of certain types of group property and casualty insurance policies.

Effective: July 1, 2009.

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January 15, 2009, read first time and referred to Committee on Insurance and Financial Institutions.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 516

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 27-1-5.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2009]:

4 **Chapter 5.1. Group Insurance Coverage**

5 **Sec. 1. As used in this chapter, "certificate" means a document**
6 **that:**

- 7 (1) is issued to a member of a group; and
8 (2) serves as evidence of coverage of the member under a
9 group insurance policy.

10 **Sec. 2. As used in this chapter, "employee", with respect to a**
11 **single employer or member of a group described in section 3(1) of**
12 **this chapter, includes the following:**

- 13 (1) An employee of a subsidiary or an affiliate of the employer
14 or member.
15 (2) A retired employee of the employer or member.
16 (3) An individual business owner, proprietor, or partner who
17 is the employer or member.



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(4) A director or retired director of the employer or member.

(5) A former employee, owner, proprietor, partner, or director who, immediately before leaving employment with the employer or member, was covered under the employer's or member's group insurance policy.

(6) A spouse, child, or resident of the household of an individual described in subdivisions (1) through (5).

Sec. 3. As used in this chapter, "group" means any of the following:

(1) Any of the following that consists of at least ten (10) individuals or entities, has been in existence for more than two (2) years, and was formed for a purpose other than purchasing insurance coverage:

(A) A trade or professional association.

(B) A labor union or an employee association.

(C) A club or fraternity.

(D) A guild.

(E) Another organization.

(2) At least ten (10) individuals described in one (1) of the following clauses:

(A) The employees of:

(i) the members of a group described in subdivision (1);

or

(ii) a single employer.

(B) The customers of a business.

Sec. 4. (a) As used in this chapter, "group administrator" means:

(1) the officers or directors; or

(2) another person legally vested with the responsibility of managing the affairs;

of a group.

(b) In the case of a group described in section 3(2)(A)(ii) of this chapter, the employer may be considered the group administrator.

(c) In the case of a group described in section 3(2)(B) of this chapter, the business may be considered the group administrator.

Sec. 5. As used in this chapter, "group insurance policy" means a single insurance policy that:

(1) provides coverage for the individuals or entities that are members of a group; and

(2) consists of:

(A) a master insurance policy that is issued to the group administrator; and

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1 (B) an individual certificate issued to each covered member
2 of the group.

3 Sec. 6. Unless otherwise prohibited by law, an insurer that is
4 authorized to do business in Indiana, including an insurer doing
5 business in Indiana through a surplus lines producer licensed
6 under IC 27-1-15.8, may issue a group insurance policy under this
7 chapter to provide any of the following types of insurance:

- 8 (1) Property insurance covering personal property that is
9 stored in a self-storage facility.
- 10 (2) Rental motor vehicle insurance.
- 11 (3) Property insurance for cellular telephones and wireless
12 communication devices.
- 13 (4) Personal excess liability and personal umbrella liability
14 insurance.

15 Sec. 7. An insurer that issues a group insurance policy may
16 apply a premium rate that is lower than the premium rate:

- 17 (1) that is specified in the insurer's manual of premium rates;
18 and
- 19 (2) that applies to the same class and type of coverage under
20 an individual insurance policy.

21 Sec. 8. A group administrator may collect premiums from
22 members of the group and remit the collected premiums to an
23 insurer that issues a group insurance policy under this chapter that
24 covers the members of the group.

25 Sec. 9. (a) A certificate issued under this chapter must include
26 all of the following:

- 27 (1) The full name and address of the insurer that issues the
28 certificate.
- 29 (2) The policy number of the master group insurance policy.
- 30 (3) The full name, address, and telephone number of the
31 group administrator to which the master group insurance
32 policy is issued.
- 33 (4) A description of the coverage provided by the group
34 insurance policy, including the amount and term of the
35 coverage.
- 36 (5) The amount of premium that is charged to the member to
37 which the certificate is issued.

38 (b) An insurer shall provide, with a certificate issued under this
39 chapter to a member of a group covered under a group insurance
40 policy, written notice of the procedure for submission of a claim for
41 coverage under the group insurance policy.

42 Sec. 10. (a) An insurer that complies with the applicable

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requirements of IC 27-1-31, IC 27-7-6, and IC 27-7-12 may cancel or refuse to renew a certificate issued under this chapter without canceling or refusing to renew the master group insurance policy or another certificate under the group insurance policy.

(b) An insurer that cancels or refuses to renew a master group insurance policy issued under this chapter shall:

(1) comply with the applicable requirements of IC 27-1-31, IC 27-7-6, and IC 27-7-12; and

(2) provide written notice of the cancellation or refusal to renew to the group administrator and to all group members to which a certificate was issued.

Sec. 11. This chapter does not authorize the issuance of a group insurance policy outside Indiana.

Sec. 12. The commissioner may adopt rules under IC 4-22-2 to implement this chapter.

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